GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2182
ANSWERED ON:10.03.2006
RAISING ADDITIONAL FUNDS BY BANKS
Jindal Shri Naveen

Will the Minister of FINANCE be pleased to state:

(a) whether the Nationalised banks and the banks in private sector have floated shares for raising additional funds aiming to bolster capital;

(b) if so, the funds raised by each of these banks during the last two years;

(c) whether these banks have met the target fixed for disbursement of loans in rural sector;

(d) if not, the reasons therefor;

(e) the reasons for raising the interest rates on housing loans by some of these banks; and

(f) the criteria for fixing the interest rates on various schemes?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. 7 Public Sector Banks (PSBs) and 15 Private Sector Banks have raised funds by increasing their share capital since Apri ` -04, as per details at Annex.

(c) & (d): During the year 2004-05, public sector and private sector banks have advanced 15.3% and 12.1% respectively, of their Net Bank Credit (NBC) to agriculture sector against the target of 18% of NBC. Low capital formation in agriculture sector, lesser number of applications being sponsored by the sponsoring State Government agencies, lack of adequate infrastructure, and increase in bank credit hj other sectors at a faster pace are some of the reasons for lower credit ratio in naltaie sector. In absolute terms, lending to agriculture has increased from Rs. 86,187 crore in 2003-04 to Rs. 1,25,309 crore in 2004-05, which is an increase of 44%.

(e) & (f): Reserve Bank of India has deregulated the interest rates on advances including housing and other retail loans above Rs- 2 lakh w.e.f. 18th October, 1994, The interest rates are determined by the banks themselves with the approval of their Board of Directors after taking into consideration factors like cost of funds, operating expenses, transaction cost, risk etc.

ANNEX

INCREASE IN SHARE CAPITAL OF PUBLIC & PRIVATE SECTOR BANKS (SINCE APRIL 2004)

(Rs. in crore)

Sl.No.	Name of the Bank	Amount
1	Dena Bank	80
2	Punjab National Bank	80
3	Allahabad Bank	100
4	Oriental Bank of Commerce	58
5	Syndicate Bank	50
6	Andhra Bank	85
7	Union Bank of India	45
	Private Sector Banks	
1	Catholic Syrian Bank Ltd	0.04
2	Centurion Bank Ltd	71.32
3	Federal Bank Ltd	43.84
4	HDFC Bank Ltd	27.39

5 ICICI Bank Ltd 207.14
6 ING Vysya Bank Ltd 67.91
7 Karnataka Bank Ltd 80.84
8 Kotak Muiindra Bank Ltd 249.56
9 Lakshmi Yikts Bank Ltd 7.94
10 Lord Krishna Bank Ltd 37.75
11 Nainital Bank Ltd 15
12 Ratnakar Bank Ltd 1.04
13 South Indian Bank Ltd 11.9
14 UTI Bank Ltd 57.89
15 Yes Bank Ltd 70